

0820.02 Worker's Disability Compensation Claims Procedures

Issued January 1, 1994

SUBJECT: Worker's Disability Compensation Claims Procedures.

APPLICATION: Executive Branch Departments and Sub-units.

PURPOSE: To provide direction on forms, procedures and responsibilities for State employee workers' disability compensation claims reporting and processing.

CONTACT AGENCY: Department of Management and Budget (DMB) - Office of Information Technology, Risk Management Division.

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SUMMARY: Under Michigan's Workers' Disability Compensation Act, agencies must provide to State employees who have duty related injuries or illness: (1) reasonable medical, surgical, hospital services and medicines or other treatment recognized by law as legal, when they are needed; (2) wage replacement if the injury or illness keeps the employee off work more than 7 consecutive days; and (3) necessary vocational rehabilitation services and reasonable accommodations if the injury or illness results in a relatively permanent change in the employee's ability to do his/her job.

This procedure specifies required forms and procedures for claims reporting and processing; defines responsibilities of the employee/employee representative, the employee/personnel office, and the third party administrator (currently, the State Accident Fund); and outlines the steps of the rejected claims appeals process and defines employee and employer rights under the process.

APPLICABLE FORMS: Employee/Employee Representative:
Initial Medical Report Form
Accident Report Form

Civil Service:
CS-1306, 2/3 Supplement Form

Employer/Personnel Office:
MDL 1-100, Basic Report of Injury
MDL 1-701, Notice of Compensation Payments
DMB-923, First Worker's Compensation Check Release
LTD Claims and Repayment Forms

TPA (Accident Fund of Michigan):
C-9, Physician's First Report of Injury
C-22, Medical Travel Reimbursement
C-59, Employer's Report of Medical Injury
C-64, Employee's Report of Injury
C-79, Authorized Release of Medical Information
C-80, Wage Earnings History
C-130, Notice of Claim Received (Personnel)
C-131, Notice of Claim Received (Employee)
C-133, Fringe Benefit History Report

MDL 1-107, Notice of Dispute

PROCEDURES: See the attached Exhibit A.

Office of Information Technology EXHIBIT A

Risk Management Division

Workers' Disability Compensation Claims Procedures

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Office of Information Technology
Risk Management Division

Workers' Disability Compensation Claims Procedures

I. PURPOSE

A. To describe the forms and procedures required to ensure proper employee Workers' Disability Compensation Claims reporting and processing.

B. To define the responsibilities of the employee/employee representative, employer/ personnel office, and the State Accident Fund (TPA) in Workers' Compensation claims processing.

C. To outline the steps of the rejected claim appeals process and define employee and employer rights under the process.

II. APPLICATION

All departments, boards, commissions, offices, agencies, authorities or other units of the Executive Branch of Michigan State Government.

III. REFERENCES

A. Act No. 504 of the Public Acts of 1988, which describes the powers and duties of the Department of Management and Budget.

B. Department of Management and Budget Director's Memorandum to all department directors dated March 24, 1992.

IV. EXPLANATION OF ABBREVIATIONS

A. TPA: Third Party Administrator. Currently the Accident Fund of Michigan.

B. LTD: Long Term Disability.

C. MIOSHA: Michigan Occupational Safety and Health Act.

D. BWDC: Bureau of Workers' Disability Compensation.

E. PPRISM: Personnel Payroll Information System for Michigan.

F. MDL: Michigan Department of Labor.

G. WDCA: Workers' Disability Compensation Act.

H. DMB: Department of Management and Budget.

V. INTRODUCTION

Under Michigan's Workers' Disability Compensation Act (WDCA), employers are expected to provide to any employee who has a duty related injury or illness: (1) necessary medical and/or psychological treatment; (2) wage replacement if the injury or illness keeps the employee off work more than seven consecutive days; and (3) necessary vocational rehabilitation services if the injury or illness results in a relatively permanent change in the employee's ability to do his/her job. In return, the employee is expected to participate in necessary medical and/or psychological treatment (including vocational rehabilitation if indicated) and return to productive work as soon as possible, with reasonable accommodations if necessary.

Because of the various expectations for both the employer and the employee, PROCESSING A WORKERS' DISABILITY COMPENSATION CLAIM IS NOT A SIMPLE ONE STEP PROCEDURE. There are, in practice, a number of critical stakeholders involved in the process, with different roles and responsibilities, as briefly summarized in this subject. In addition, managing a workers' disability compensation claim is only part of an overall process known as case management.

VI. OPERATING PHILOSOPHY

In the state work force, the purpose of workers' disability compensation benefits is to provide the employee who becomes disabled (unable to do his/her job due to work related injury or illness) with medical treatment and vocational rehabilitation services to enable the employee to return to productive work as soon as possible, and income replacement until the employee is able to return to work.

The manner in which the employee is treated immediately after an injury or illness occurs helps set a tone that can affect all future aspects of the case or claims process. Concern for the employee's immediate well-being, respect for his/her sense of privacy and dignity, and timely performance of the employer's responsibilities can all increase the likelihood of an eventual positive outcome for both the employee and the employer.

The manner in which the employee responds to the employer also helps set the tone for case management. While the employee's doctor or psychologist can document the presence of an impairment and related functional limitations, the actual impact on ability to work, however, is a decision which also involves the employer. The employer has a responsibility to provide reasonable accommodations (like alterations in schedule and/or alterations in job duties) to avoid any work loss or assist in a return to work as soon as possible. Therefore, timely provision of requested medical or psychological documentation and participation in accommodation and/or return to work planning are also critical to an eventual positive outcome for both the employee and the employer.

VII. ROLES AND RESPONSIBILITIES

Processing Workers' Disability Compensation Claims.

A. EMPLOYEE:

1. Notify the employer as soon as a work related injury or illness occurs.
2. Participate in necessary medical/psychological/vocational rehabilitation evaluation and treatment, which may include an independent medical exam as ordered by the Bureau of Workers' Disability Compensation (BWDC).
3. Provide employer with information necessary for processing the claim. (If the injury or illness causes an interruption in employment, this includes keeping employer informed as to prognosis, progress toward returning to productive work, and possible need for reasonable accommodations.)
4. Return to productive work as soon as possible, with reasonable accommodations if necessary.

B. EMPLOYER: Although the employer may contract with an insurance carrier or a third party administrator (TPA)--The Accident Fund of Michigan is the current TPA for the state--to assist in managing claims for benefits, the employer is ultimately responsible for compliance with the Workers' Disability Compensation Act.

1. Ensure employee seeks/receives immediate medical treatment and evaluation.
2. Notify the state's workers' compensation claims management agent (TPA) when an employee has an injury or illness that may be work related.
3. Ensure a timely determination of compensability by providing all necessary data to the TPA in a reasonable time frame.
4. Ensure that the employee is receiving all entitled benefits (including workers' compensation benefits, special legislated supplements, and any bargained benefits), and is aware of any discretionary benefits (such as the Civil Service 2/3 supplement, Duty Disability Retirement, using sick leave/annual leave while a claim is pending and/or as a supplement to benefits, using LTD as a supplement to benefits once sick leave has been exhausted, etc.). NOTE: The Workers' Disability Compensation wage replacement benefit, special legislated supplements, and the 2/3 supplement are intended to help replace lost regular wages during a period of disability; they are not intended as an addition or supplement to regular wages.
5. Coordinate the return to productive work of employees whose injury or illness causes an interruption in employment, including provision of reasonable accommodations and/or placement assistance if necessary (Case Management).

6. Record accidents and illnesses with MIOSHA and take indicated actions necessary to avoid similar injuries or illnesses in the future. Approval of claims for special legislated supplements (i.e., P.A. 293 of 1975 for Department of Corrections; P.A. 414 of 1976 for Department of Mental Health; P.A. 131 of 1978 for Department of Social Services; and P.A. 452 of 1978 for Department of State) are made by the appointing authority.

C. WORKERS' COMPENSATION CLAIM'S MANAGEMENT SERVICE/THIRD PARTY

ADMINISTRATOR (TPA): The TPA is delegated responsibility by the employer to do claims management, from the time a claim for benefits is received from the employer until the claim is formally closed.

1. Notify the Bureau of Workers' Disability Compensation when an employee has an injury or illness that may be work related.

2. Ensure a timely determination of compensability by requesting from affected parties any information needed to determine:

a. If a temporary or permanent disability exists relative to the employee's ability to do their job.

b. If the disability is caused by or the result of the employee's work.

3. Ensure appropriate wage replacement and related benefits are provided in a timely manner.

4. Coordinate provision and payment for necessary medical/psychological/rehabilitation treatment.

5. Facilitate return to productive work.

6. Notify the employee, employer, and the BWDC immediately when the status of a claim changes.

VIII. GUIDELINES

Initiating a Claim: (Employee/Employee's Representative).

A claim for workers' compensation begins when an employee notifies the employer of an injury or illness that is, or is assumed to be, work related. There is no requirement that this notice be in writing.

A. The employee should report immediately to his/her supervisor any injury or illness which occurs at work or which appears to be caused by some aspect of their work.

B. If the employee's department requires completion of any forms or prior authorizations, this should be done as soon as possible to avoid any delay in claims processing.

C. When an injury or illness requires medical attention where a bill is incurred, the bill should be submitted to the Personnel office for forwarding to the state's TPA for consideration of payment. Bills should not be submitted to the employee's insurance company unless the injury/illness is deemed non-compensable (see Section XI).

D. If an injury/illness requires the employee to be off work, proper medical verification must be submitted to the Personnel Office. Generally, an initial medical report is expected the day of the injury or illness. Administrative leave may be provided for the time needed to seek medical treatment/evaluation on the day of the injury or illness.

1. Medical documentation should include an initial diagnosis, prognosis, date of return, and any functional limitations that may need accommodation to facilitate a return to work.

2. In some cases, the department may be able to make immediate accommodations, in consultation with the treating physician, to avoid and/or minimize the need for time off work.

E. When an injury or illness results in more than 7 consecutive days away from work, the employee may be eligible for wage replacement (indemnity) benefits. If available documentation indicates a need for more than 7 days off, the Personnel Office will provide the employee with the following, generally within 10 working days:

1. A copy of the MDL 1-100, "Basic Report of Injury";
2. "Disability Benefits" brochure;
3. DMB-923, "First Worker's Compensation Check Release" form, to be signed and returned to Personnel. This form lets the employee indicate his/her preference for leave credit use while a claim is pending and/or after a claim is deemed to be compensable (see item F below). It also allows the department to re-credit leave time once a case is deemed to be compensable; and,
4. LTD claims forms and re-payment agreement (when medical documentation suggests that the length of time away from work may extend beyond available sick leave credits, and/or there is a question as to the cause of disability) to be submitted to Aetna Insurance with a copy to the Personnel Office, so that if compensation is denied a timely LTD claim can be processed.

F. While a Workers' Compensation claim is pending, the employee shall use sick leave to cover time away from work. An employee may choose to use annual leave credits if sick leave credits are exhausted before a determination of compensability is made. An employee may also choose to use sick leave and/or annual leave credits to supplement workers' compensation payments when a determination of compensability is made. The employee indicates preferred use of any discretionary leave credits on form DMB-923.

1. Employees injured as the result of an assault and eligible for legislated special supplements (P.A. 293 of 1975 for Department of Corrections; P.A. 414 of 1976 for Department of Mental Health; P.A. 131 of 1978 for Department of Social Services; and P.A. 452 of 1978 for Department of State) are kept in full pay status (i.e., on Administrative Leave) after the special legislated supplement has been approved by the Appointing Authority.

G. It is the employee's responsibility to supply updated medical documentation of a continuing disability to both their Personnel office and the TPA. This medical documentation should include current diagnosis, prognosis, date of return to work, and any functional limitations that may need accommodation to facilitate a return to work. Note: In some cases the department may notify the employee to send all future medical documentation to the TPA only.

H. The employee may receive forms or other requests for information (including requests for special medical examinations), from the Personnel office or the TPA. Failure to provide requested information in a timely manner could delay the processing of the claim.

I. When an employee receives an MDL 1-701, "Notice of Compensation Payments", the employee can expect to receive an explanation of how any leave credits used while the claim was pending were re-credited, and how any entitled supplement has been computed.

1. The first payment from the TPA is sent to the employee's department to be used for repayment of up to 2/3 of any leave credits used during the determination period.

2. If an employee exhausted sick leave while waiting for a determination, and he/she was on lost time, the employee will receive a modified check from their department within ten working days for any balance due the employee after all re-crediting has been completed.

3. All future workers' compensation checks will come directly to the employee. If the employee is entitled to a supplement, this will come as a separate check from the department.

J. If an employee receives an MDL 1-107, "Notice of Dispute," from the TPA, it should be reviewed carefully as this form is often used simply to indicate that additional information is needed to continue the claims process. If the MDL 1-107 clearly indicates a denial of benefits, see Section VIII (c).

IX. INTERNAL NOTIFICATION AND DOCUMENTATION: (Employer/Supervisor)

While managers must be aware of the basic role of the employee's supervisor as outlined below, each department may modify certain steps or procedures to meet the unique needs of its employees. Some departments or facilities, for example, have a contract with a local medical clinic or provider and thus initially require treatment from that source (state law allows the employer to direct the employee's treatment for the first 10 days following a work related injury or illness, as long as the treatment is adequate). Departments may also delegate certain steps outlined below to a manager other than the employee's immediate supervisor. Supervisors should check with their Personnel office to determine if their department has a separate set of written procedures to be used in lieu of the following outline.

When the supervisor (or any member of the management staff) becomes aware of an employee injury or illness that may be work related, a number of initial activities are necessary to comply with the Workers' Disability Compensation Act (WDCA).

The supervisor may become aware of an injury or illness by actually witnessing an injury or related symptoms, a verbal report from the injured or ill employee, a verbal report from co-workers or, on occasion, written notice from the employee or his/her representative. When a supervisor has knowledge of an injury or illness that may be work related, the following steps must be taken:

A. Ensure employee seeks/receives immediate medical treatment and evaluation. Generally, administrative leave is given for the time an employee needs to seek medical treatment/evaluation on the day of the injury or illness.

Note: The employee should be reminded that any related medical bills and doctor reports should be sent to the Personnel Office for processing with the initial claim for benefits to the TPA (see Section VIII. C). Such expenses should not be billed to the employee's health insurance carrier.

B. Immediately notify the Personnel Office of the occurrence and request appropriate procedures regarding medical treatment and formal accident/illness reporting. Your department may also expect you to file a MIOSHA report..

C. File an initial accident report with the Personnel Office within 24 hours of the occurrence. Delay in filing can unduly delay determination of compensability and may incur financial penalties to the department.

Note: Employees may also be required to file a departmental initial accident report.

D. Your Personnel Office and/or the TPA may contact you for additional information; may request a more formal investigation of the injury or illness; and/or may request a formal follow up in terms of safety issues.

E. When an employee will be off work for an extended period (generally more than 2 weeks), the supervisor in coordination with the Personnel office should plan personal contact with the employee on a regular basis (generally once every 2 to 3 weeks). This is to ensure the employee is receiving his/her benefits, is being kept current on major events at the work site, and is progressing on plans to return to work. In some cases, your department may delegate this responsibility to a designated department case manager.

F. Your employee, Personnel Office, and/or the employee's rehabilitation representative may request your assistance in preparing a return to work plan, including consideration of reasonable accommodations, if necessary. (Formal procedures for processing reasonable accommodation requests are available from your Personnel office or your department's Accommodation Coordinator.)

X. NOTIFICATION TO THE WORKERS' COMPENSATION TPA (Employer/Personnel Office)

When the Personnel Office is notified of an employee injury or illness that may be work related, the TPA must be formally notified and provided with the basic information necessary to determine compensability, process medical payments, and compute any entitled benefits.

These functions are known as claims management and are the TPA's responsibilities. Overall case management, including the distribution and flow of necessary information and forms, is the ongoing responsibility of the Personnel Office--part of which includes assuring that the claims management process occurs in a coordinated and timely manner.

When the Personnel Office is notified that an employee has an injury or illness that may be work related, the following steps must be taken:

A. Ensure that the employee has received medical evaluation and treatment, and that any related medical bills and doctor reports have been (are being) sent to the Personnel office.

B. Provide the employee's supervisor with a review of appropriate procedures and necessary accident report forms, and ensure that the employee and supervisor complete forms in a timely manner, as required.

C. Following initial treatment, Personnel should obtain from the employee or the employee's treating physician documentation regarding the seriousness of the injury/illness and any proposed treatment plan. This should include an indication of whether the employee can return to work with or without functional limitations (work restrictions), or will be medically required to be off work. In most cases, the employee is expected to return immediately from the medical visit with an initial statement of diagnosis, treatment rendered, and functional limitations, if any.

Note: Often, functional limitations (work restrictions) can be clarified by providing the treating physician with an accurate copy of the employee's position description.

D. File a formal notice with the TPA as soon as possible, but no later than 7 to 10 days from the occurrence. Delay in filing can unduly delay determination of compensability and incur financial penalties to the department.

Note: If an injury or illness is believed to be a recurrence of a previously compensable disability, Personnel needs to notify the TPA by memo with a reference to the past disability and the original claim number; generally in such cases, there is no waiting period for eligibility if the TPA agrees the injury or illness is a recurrence of a previously compensable disability. If other action and/or forms are necessary, you will be notified by the TPA.

Formal notification should be made on a TPA (Accident Fund) Form C-59, or a Michigan Department of Labor Form MDL 1-100 (forms available from the TPA), with a copy to both the employee and the employee's file.

C-59 "Employer's Report on Medical Only Injury": Use this form if available documentation indicates that the employee was or will be off work for less than 8 days (i.e., from 0 to 7 days off).

MDL 1-100 "Employer's Basic Report of Injury": Use this form if available documentation indicates that the employee was, or will be, disabled (unable to do his/her job) for 8 days or more.

When an MDL 1-100 is necessary, a number of additional steps are also required:

1. Retain the employer's copy of the MDL 1-100.
2. Along with his/her copy of the MDL 1-100, the employee should be given:
 - a. "Disability Benefits" brochure,
 - b. DMB-923 "First Worker's Compensation Check Release" form, to be signed and returned to Personnel (allows department to re-credit leave time or prevent duplicate pay in the event the employee received full net pay per applicable Public Act), and,
 - c. LTD claims forms, directions for claims filing, and repayment agreement (when medical documentation suggests that the length of time away from work may extend beyond available sick leave credits, and/or there is some question as to the cause of disability) to be filed with Aetna Insurance along with a copy of the MDL 1-100 so if compensation is denied, a timely LTD claim can be processed.
3. All remaining copies of the MDL 1-100, including the yellow and green copies designated for the Bureau of Workers' Disability Compensation, should be sent to the TPA along with:
 - a. A cover memo indicating any questions the department may have about the disability and/or cause of disability, any initial comments about the ability to accommodate the employee in returning to work, and any other information that may be useful in processing the claim;
 - b. A "Fringe Benefits History" that indicates fringe benefits paid by the state, which should be reported on TPA form C-133. (Data can be queried on PPRISM/INS under the employee's Social Security number.)

Note: If attaching this information to the MDL 1-100 would unduly delay filing, the information can be sent under separate cover.

E. Copies of available medical reports (and bills) should be attached to the formal notice. Subsequent medical reports should be sent by the employee to the TPA, with a copy to Personnel as long as active case management is in process. Subsequent medical bills should be submitted directly to the TPA, unless the claim is denied (see Section XI). In the event of unusual or questionable circumstances, Personnel should call or otherwise notify the designated claims examiner. This would include, for example, a need to garner an independent evaluation when medical documentation appears to be contradictory, insufficient or otherwise warrants a second opinion.

F. Personnel should review the availability of entitled and discretionary benefits with the employee (as described in the "Disability Benefits" brochure), and the effect using any of these benefits may have on the availability of other benefits.

Entitled benefits may include workers' compensation medical, rehabilitation, and wage replacement or indemnity benefits; special legislated supplements; and special bargained benefits. Discretionary benefits while waiting for a determination of compensability may include using or freezing annual leave, or using LTD benefits if sick leave is exhausted and the determination process is extended. Discretionary benefits after a determination of compensability include the Civil Service 2/3 supplement, Duty Disability Retirement, using sick leave/annual leave as a supplement, and/or using LTD as a supplement once sick leave has been exhausted.

XI. DETERMINATION OF COMPENSABILITY: (Third Party Administrator)

The state is self-insured for workers' compensation. All indemnity (wage replacement), medical, and rehabilitation costs, along with any claims related legal expenses, are billed directly to the claimant's department for the year in which the costs are actually incurred (even if the claimant becomes separated from state service). Claims management, in compliance with the Workers' Disability Compensation Act is done under contract with a third party administrator. The costs of this contract, along with the costs of any state mandated assessments, are pro-rated on a claims/cost basis and billed directly to state departments on a quarterly basis by the Risk Management Division of DMB.

The third party administrator (TPA) is responsible for basic claims management, which includes determining compensability of individual claims, computing benefits due under the state Workers' Disability Compensation Act, and assuring benefits are provided as required by the Act. The TPA is not responsible for administering benefits that may supplement workers' compensation, nor is it responsible for case management issues beyond those mandated by the Workers' Disability Compensation Act, or by the TPA's contract with the state.

A. When notified of a claim for workers' compensation via receipt of a C-59 or an MDL 1-100 (with attachments), the TPA creates a master file with a unique claim number used for all future correspondence.

B. Available claims data is entered in the computer, which provides a C-130 form, "Notice of Claim Received" to Personnel including the name of the claims examiner and the claim number, which will be used for all future correspondence regarding the claim.

C. A C-131 "Notice of Claim Received" is sent to the employee, along with a request to complete and return a C-64 "Employee's Report of Injury", a C-9 "Physician's First Report of Injury", a C-79 "Authorization" (medical release of information) and a C-22 form to be used to request travel reimbursement.

D. The claims examiner makes an initial determination of compensability based on the answers to the 2 basic questions outlined below. The examiner may request additional information from the department and/or the employee to help answer these questions. This may include a request for a special medical/psychological examination or evaluation.

1. Is there a documentable disability (as defined by law)?
2. Did the disability arise out of, or in the course of employment?

Note: Under the Workers' Disability Compensation Act, compensation benefits are due and payable 14 days after the employer has notice or knowledge of the disability. This requires a relatively quick determination of compensability, which may be re-evaluated at any time new information so warrants.

E. The claims examiner may take 1 of 2 actions on a claim:

1. Determine that the claim is compensable. An MDL 1-701 "Notice of Compensation Payments" is sent to the employee and department, with a copy to the Bureau of Workers' Disability Compensation, MDL. If the employee is entitled to indemnity payments due to the length of time off work, the first check (covering the period of time from eligibility for benefits to actual determination of compensability) is sent to the department to allow for "buy back" of leave credits used while awaiting the determination of eligibility, and other necessary adjustments (see Section VIII. E. 3). Future checks are sent directly to the entitled employee. Any medical, psychological, and/or rehabilitation bills related to the injury are also processed for payment.

OR,

2. Determine that the claim is disputed. An MDL 1-107 "Notice of Dispute" is sent to the employee and department, with a copy to the Bureau of Workers' Disability Compensation, MDL. Any accrued medical, psychological, and/or rehabilitation bills related to the injury but not specifically requested by the claims examiner are returned to the original service provider.

XII. RESPONSE TO DETERMINATION OF COMPENSABILITY: (Employer/Personnel Office)

Once the TPA receives formal notice of an injury or illness, they will send the Personnel Office a form C-130 "Notice of Claim Received". This form indicates the assigned claim number for reference in any future correspondence, and the claims examiner's name who will service the claim. The employee will receive similar notice along with requests for additional information necessary for processing the claim. Any questions about the status of the claim should be directed to the claims examiner. Formal disposition of the claim will be reported simultaneously to the Personnel Office and the employee in 1 of 2 ways: MDL 1-701 "Notice Of Compensation Payments" or MDL 1-107 "Notice of Dispute". Note: The Personnel Office should assume that Medical Only claims are payable unless a Notice of Dispute is received.

The first receipt of an MDL 1-701 "Notice Of Compensation Payments" indicates the TPA has determined that a claim is compensable. (The employee also receives a copy.) The form indicates the weekly benefit amount, the time period for which compensation is being paid, and whether or not compensation will continue to be due until a specified future date or until further notice. The Personnel Office will also receive a check covering the amount of compensation due from the date of injury through the date the determination was made. All future compensation checks will be sent directly to the employee. When benefits are to be terminated or modified in any way, both the employee and the Personnel Office will be so notified within 24 hours via a new MDL 1-701 from the TPA, or an MDL 1-107 "Notice of Dispute".

Upon receipt of the first MDL 1-701 and based on the employee's first compensation check, the Personnel Office is expected to do the following (detailed instructions for performing the following steps are contained in the PPRISM Procedure Manual, Section 3.3.8.):

Note: If the employee is represented by an attorney, the first check will be sent to the attorney, requiring Personnel to recover necessary re-payments directly from the employee or the employee's attorney.

A. Compute the amount, if approved, the employee is due under Civil Service 2/3 supplement. The Personnel Office will receive authorization for this supplement via Civil Service form CS-1306 for up to 50 weeks; this time period may be extended under special circumstances (see Civil Service Rule 5-3.9). Re-credit the employee for 2/3 of any leave credits used during the period of compensability. Note: Employees who received LTD benefits during the period of compensability are required to use their workers' compensation and supplemental payments to repay LTD.

-OR-

B. Compute the amount, if applicable, the employee is due under any legislated special supplements (reference P.A. 293 of 1975 for Department of Corrections; P.A. 414 of 1976 for Department of Mental Health; P.A. 131 of 1978 for Department of Social Services; and P.A. 452 of 1978 for Department of State). Re-credit the employee for 100% of any leave credits used during the period of compensability. Employees receiving legislated special supplements are to be paid their normal net wage at time of injury. They receive benefits the same as employees using 1/3rd leave credits (i.e., kept in full pay status on PPRISM Code K).

Note: Employees who received LTD benefits during the period of compensability are required to use their workers' compensation and supplemental payments to repay LTD.

C. Recompute the employee's tax liabilities for the compensable period (see PPRISM Manual).

D. Determine the amount due to the employee for the compensable period covered by the first compensation check and forward that amount to the employee (or recover from the employee if there is an amount due the state because of overpayment), with an explanation of the adjustments made, within

10 working days of receipt of the first MDL 1-701. The balance is receipted in on a payroll refund receipts voucher.

Note: If no adjustments are necessary, forward the first compensation check to the employee within 5 working days of receipt of the MDL 1-701. Record any period of compensability in the PPRISM system.

E. Prepare the PPRISM system to pay on a biweekly basis any supplement due to the employee until:

1. The amount of compensation is modified via receipt of a new MDL 1-701, or
2. The amount of supplement is changed due to exhaustion of the supplement period, or
3. Compensation is terminated (generally due to a return to work) via receipt of a new MDL 1-701.

F. Receipt of an MDL 1-107 "Notice of Dispute" by the employee and the Personnel Office indicates the TPA has denied the claim, unless the "Reason For Dispute" (item 29) specifically indicates otherwise. If additional information or investigation is given as the basis of the dispute, the Personnel Office should treat the claim as if it is still pending and should review its files to determine if there is available information that may facilitate resolution of the dispute. Such information should be forwarded to the TPA immediately.

If the TPA disputes either the need for medical treatment or the work relatedness of the injury, the Personnel Office should:

1. Manage the employee's situation as it would any other employee with a non-work related disability. If the employee continues to be disabled and has not yet applied for LTD benefits, they should be encouraged to do so at this time.
2. Notify the employee that any future related medical bills should be submitted to the employee's health insurance carrier (including any bills in the Personnel office's possession that were not yet sent to the TPA). The TPA will also send any medical bills they have on file (which are not otherwise payable as part of the determination process) to the employee or to the employee's health insurance carrier (if known).

XIII. CLAIMS MANAGEMENT OF COMPENSABLE CLAIMS: (TPA)

Once a claim has been determined to be compensable, the claim requires on-going oversight until the employee has returned to work (or the claim is otherwise closed). This includes maintaining contact with the employee and department to facilitate a return to work and to monitor changes in disability or employment status.

A. When available documentation suggests the employee will likely have no functional limitations after basic recuperation, the TPA will establish a targeted return to work date with the employee and the department, and ensure that any medical/psychological documentation needed by the employee's department to facilitate the return to work is available on or before that date.

B. When available documentation suggests the presence of a functional limitation that may need to be accommodated to facilitate a return to work, or to allow an earlier return to work than otherwise expected, the information should be shared with both the employee and the employee's Personnel office as the basis for preparing a cooperative return to work plan (see Section XIV. C).

C. When available documentation suggests the employee may have extensive need for accommodation in order to return to their previous job, or may need to seek a different job, the employee should be referred for a feasibility assessment for rehabilitation or return to work potential. The results of the assessment should be shared with both the employee and the employee's Personnel office as the basis for preparing a cooperative return to work plan. The claims manager is then responsible for implementing the TPA's portion of the cooperative return to work plan (see Section XIV. D).

D. Anytime there is a change in the status of a claim that affects benefit payment amounts, an MDL 1-701 "Notice of Compensation Payments" with an explanation of the change is sent to both the employee and the employee's Personnel office, with a copy to the Bureau of Workers' Disability Compensation. If new information suggests that a claim is not compensable, however, an MDL 1-107 "Notice of Dispute" is filed instead.

Note: Once a return to work plan has been established, the employee's Personnel office should be contacted directly before any action is taken by the TPA which may alter or interrupt the plan's implementation.

XIV. CASE MANAGEMENT OF COMPENSABLE CLAIMS: (Employer/Personnel Office)

Part of the claims process is managing the employee/employer relationship to minimize the long term financial and human costs associated with disability by facilitating as early a return to productive work as possible. When an employee is off work due to disability, even while a claim is still pending, the Personnel Office should:

A. Ensure that the supervisor is maintaining appropriate contact with employees who are off work for extended periods, or that this responsibility is delegated to a responsible department representative.

B. Monitor in-coming medical and rehabilitation reports (if available) to determine if the employee may be able to return to work earlier than otherwise expected by provision of reasonable accommodations. If additional medical information might help in this regard, it can be obtained through the TPA claims examiner (even while a claim is pending).

C. As soon as there is a prognosis, with or without possible functional limitations (work restrictions), begin developing and implementing a return to work plan in cooperation with the employee and the employee's supervisor, consulting with the claims examiner and the employee's treating physician and/or psychologist as needed. If the case represents challenges beyond the department's experience, qualified vocational rehabilitation experts can be contacted in coordination with the employee and the TPA for professional assistance.

D. If it is determined that the injured employee has the potential to return to work but can not be accommodated in the employee's previous job, contact should be made with the Civil Service Return to Work program to assist the employee in getting on appropriate employment lists and accessing any special return to work programs or services that may assist with job placement.

XV. APPEALS AND REDEMPTIONS: EMPLOYEES/EMPLOYER.

A. Appeals:

Both the employee and/or the employer have a right to appeal a determination made by the TPA regarding the compensability of a claim.

Note: Because the TPA is on contract with the state, disagreements between a state department and the TPA are handled internally, with the Risk Management Division of DMB serving as the mediator whenever necessary.

Disagreements between an employee and the state are usually resolved informally, but there are a number of formal appeal opportunities should either party choose to pursue an appeal:

1. Upon receipt of an MDL 1-107 "Notice of Dispute", the employee may choose to file a petition for reconsideration with the Bureau of Workers' Disability Compensation (BWDC).

2. Formal petitions are heard by a BWDC mediator and/or the Workers' Compensation Board of Magistrates.

3. Rulings may be appealed to the Appellate Commission.

4. Appellate Commission rulings may be appealed to the Court of Appeals.

5. Court of Appeals rulings may be appealed to the State Supreme Court.

A formal decision on a petition or appeal can either order the case closed or order the claim paid. The formal appeal process can also be by-passed at any time by a redemption or a decision by the state to drop the dispute and voluntarily pay the claim. If a claim is ordered to be paid or if a decision is made to voluntarily pay, the TPA will send the employee and Personnel an MDL 1-701 "Notice of Compensation Payments", to be processed as described in Section XII.

B. Redemptions:

Under certain circumstances after a long term illness or injury has lasted at least six months, it may be appropriate to redeem a workers' compensation claim. A redemption (or settlement) may be initiated by the employee, the department, or the TPA. In such cases, the state will be represented by counsel (through the Attorney General's Office and/or through the TPA's legal office) and the employee may also have legal counsel. While redemptions eliminate any further liability for a particular injury or illness, they may arise from 1 of 2 perspectives:

1. A redemption can occur when all parties involved agree that a lump sum payment is preferable to continuing weekly indemnity or wage replacement benefits. Such a redemption can be considered after the employee has had a feasibility assessment for rehabilitation or return to work potential.

2. A redemption can also occur when all involved parties can not agree on the compensability of a claim (e.g., a claim is being disputed), but do agree to settle the issue with a one-time payment to the employee.

Once the employee, the department, and the TPA agree in principal to a redemption settlement, the specific details of the proposed agreement are documented and submitted by the TPA to the Bureau of Workers' Disability Compensation for acceptance and implementation. The TPA is responsible for keeping appropriate records of all redemptions in the workers' compensation files, and periodically summarizing these records in a computerized redemption claims log.

The TPA also submits a summary of each redemption to the Risk Management Division of DMB for review. The Risk Management Division review is to ensure:

- That appropriate representatives of the employee, department, and TPA were involved in the preparation of the basic agreement;
- That the potential impact on other state benefit programs, especially in regards to the state's disability management initiatives, was identified to all parties;
- That the potential impact on any future employment, especially with the state, was identified to all parties; and
- That, in total, the best long term interests of the state were met by the redemption or settlement.
- Based on these reviews, the Risk Management Division may make modifications in the redemption process to address any recurring problems or issues identified.

Note: In unusual cases, a compromise settlement may be reached in which the employee receives a lump sum consideration, and is awarded regular workers' compensation benefits from a designated date forward until the employee returns to work or the case is otherwise closed. In such cases, the TPA will send the employee and Personnel an MDL 1-701, "Notice of Compensation Payments", to be processed as described in Section XII.

XVI. CURRENT WORKERS' COMPENSATION REPORTING AND CLAIM FORMS EMPLOYEE/EMPLOYEE REPRESENTATIVE:

CIVIL SERVICE:

Initial Medical Report Form CS-1306 "2/3 Supplement Form"
Accident Report Form

EMPLOYER/PERSONNEL OFFICE:

TPA: (Accident Fund of Michigan)

MDL 1-100. "Basic Report of Injury" C-9. "Physicians 1st Report of Injury"
MDL 1-701. "Notice of Compensation Payments" C-22. "Medical Travel Reimbursement"
DMB-923. "1st W.C. Check Release" C-59. "Employer's Report of Med. Injury"
LTD Claims and Re-Payment Forms C-64. "Employee's Report of Injury"
C-79. "Auth. Release of Medical Info."
C-80. "Wage Earnings History"
C-130. "Notice of Claim Rec'd."

--Personnel

C-131. "Notice of Claim Rec'd"

--Employee

C-133. "Fringe Benefit History Report"
MDL 1-107. "Notice of Dispute"

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